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10 **UNITED STATES DISTRICT COURT**  
11 **CENTRAL DISTRICT OF CALIFORNIA**  
12 **SOUTHERN DIVISION**

13 SECURITIES AND EXCHANGE  
14 COMMISSION,

15 Plaintiff,

16 vs.

17 ROBERT LOUIS CARVER; ROBERT  
LOUIS CARVER, II; JAMES LOWELL  
18 DEMERS; LINCOLN FUNDS  
INTERNATIONAL, INC., a Nevada  
corporation; and PAROPES  
19 CORPORATION, f/k/a BROOKSTONE  
CAPITAL, INC., a Nevada corporation,

20 Defendants,

21 LINCOLN BIOTECH VENTURES, L.P.;  
22 LINCOLN BIOTECH VENTURES II, L.P.;  
LINCOLN BIOTECH VENTURES III,  
23 L.P., and MacAUSLAN CAPITAL  
PARTNERS, LLC,

24 Relief Defendants.  
25

Case No. SACV 08-627 CJC (RNBx)

**JUDGMENT OF PERMANENT  
INJUNCTION AND OTHER RELIEF OF  
DEFENDANTS LINCOLN FUNDS  
INTERNATIONAL, INC., AND  
PAROPES CORPORATION F/K/A/  
BROOKSTONE CAPITAL, INC., AND OF  
RELIEF DEFENDANTS LINCOLN  
BIOTECH VENTURES, L.P.; LINCOLN  
BIOTECH VENTURES II, L.P.; AND  
LINCOLN BIOTECH VENTURES III, L.P.**

1 Plaintiff Securities and Exchange Commission (“Commission”) having filed  
2 a complaint in this matter, and Defendants Lincoln Funds International, Inc.  
3 (“Lincoln”) and Paropes Corporation f/k/a Brookstone Capital, Inc. (collectively  
4 “Defendants”) and Relief Defendants Lincoln Biotech Ventures, L.P.; Lincoln  
5 Biotech Ventures II, L.P.; and Lincoln Biotech Ventures III, L.P. (collectively  
6 “Relief Defendants”) having entered a general appearance; consented to the  
7 Court’s jurisdiction over Defendants and Relief Defendants and the subject matter  
8 of this action; consented to entry of this Judgment without admitting or denying the  
9 allegations of the Complaint (except as to jurisdiction); waived findings of fact and  
10 conclusions of law; and waived any right to appeal from this Judgment:

11 **I.**

12 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that  
13 Defendants and their agents, servants, employees, attorneys, and all persons in  
14 active concert or participation with them who receive actual notice of this  
15 Judgment by personal service or otherwise are permanently restrained and enjoined  
16 from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act  
17 of 1934 (the “Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated  
18 thereunder, 17 C.F.R. § 240.10b-5, by using any means or instrumentality of  
19 interstate commerce, or of the mails, or of any facility of any national securities  
20 exchange, in connection with the purchase or sale of any security:

- 21 (a) to employ any device, scheme, or artifice to defraud;  
22 (b) to make any untrue statement of a material fact or to omit to state a  
23 material fact necessary in order to make the statements made, in the  
24 light of the circumstances under which they were made, not  
25 misleading; or  
26 (c) to engage in any act, practice, or course of business which operates or  
27 would operate as a fraud or deceit upon any person.

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**II.**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

**III.**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 5 of the Securities Act, 15 U.S.C. § 77e, by, directly or indirectly:

- (a) unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) unless a registration statement is in effect as to a security, carrying or

1 causing to be carried through the mails or in interstate commerce, by  
 2 any means or instruments of transportation, any such security for the  
 3 purpose of sale or for delivery after sale; or

- 4 (c) making use of any means or instruments of transportation or  
 5 communication in interstate commerce or of the mails to offer to sell  
 6 or offer to buy through the use or medium of any prospectus or  
 7 otherwise any security, unless a registration statement has been filed  
 8 with the Commission as to such security, or while the registration  
 9 statement is the subject of a refusal order or stop order or (prior to the  
 10 effective date of the registration statement) any public proceeding or  
 11 examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.

#### 12 IV.

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
 14 Defendants and their agents, servants, employees, attorneys, and all persons in  
 15 active concert or participation with them who receive actual notice of this  
 16 Judgment by personal service or otherwise are permanently restrained and enjoined  
 17 from violating, directly or indirectly, Section 206(1) and (2) of the Investment  
 18 Advisers Act of 1940 (the "Advisers Act"), 15 U.S.C. § 80b-6, by using the mails  
 19 or any means or instrumentality of interstate commerce:

- 20 (a) to employ any device, scheme, or artifice to defraud any client or  
 21 prospective client; or  
 22 (b) to engage in any act, practice, or course of business which operates as  
 23 a fraud or deceit upon any client or prospective client.

#### 24 V.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
 26 Defendant Lincoln Funds and its agents, servants, employees, attorneys, and all  
 27 persons in active concert or participation with them who receive actual notice of  
 28 this Judgment by personal service or otherwise are permanently restrained and

1 enjoined from violating, directly or indirectly, Section 206(4) of the Advisers Act,  
 2 15 U.S.C. § 80b-6, and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8, by  
 3 using the mails or any means or instrumentality of interstate commerce:

- 4 (a) to engage in any act, practice, or course of business which is
- 5 fraudulent, deceptive, or manipulative; or
- 6 (b) to make any untrue statement of material fact or to omit to state a
- 7 material fact necessary to make the statements made, in light of the
- 8 circumstances under which they were made, not misleading,
- 9 to any investor or prospective investor in a pooled investment vehicle.

## 10 VI.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
 12 Defendants shall pay disgorgement of ill-gotten gains, prejudgment interest  
 13 thereon, and a civil penalty pursuant to Section 20(d) of the Securities Act, 15  
 14 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), and  
 15 Section 209(e) of the Advisers Act, 15 U.S.C. § 80b-9(e), and that Relief  
 16 Defendants will disgorge any funds received from Defendants. The Court shall  
 17 determine the amounts of the disgorgement and civil penalty upon motion of the  
 18 Commission. Prejudgment interest shall be calculated from the date of the  
 19 offerings, based on the rate of interest used by the Internal Revenue Service for the  
 20 underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2).

## 21 V.

22 In connection with the Commission's motion(s) for disgorgement and/or  
 23 civil penalties and at any hearing held on such motion: (a) Defendants will be  
 24 precluded from arguing that they did not violate the federal securities laws as  
 25 alleged in the Complaint; (b) AOB Defendants and Relief Defendants may not  
 26 challenge the validity of the Consent or this Judgment; (c) solely for the purposes  
 27 of such motion, the allegations of the Complaint shall be accepted as and deemed  
 28 true by the Court; and (d) the Court may determine the issues raised in the motion

1 on the basis of affidavits, declarations, excerpts of sworn deposition or  
2 investigative testimony, and documentary evidence, without regard to the standards  
3 for summary judgment contained in Rule 56(c) of the Federal Rules of Civil  
4 Procedure. In connection with the Commission's motion for disgorgement, civil  
5 penalties, the parties may take discovery, including discovery from appropriate  
6 non-parties.

7 **VI.**

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the  
9 Consent is incorporated herein with the same force and effect as if fully set forth  
10 herein, and that Defendants and Relief Defendants shall comply with all of the  
11 undertakings and agreements set forth therein.

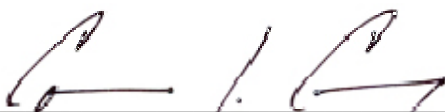
12 **VII.**

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that except  
14 as expressly modified herein, all prior orders of the Court issued in this action,  
15 shall remain in full force and effect.

16 **VIII.**

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this  
18 Court shall retain jurisdiction of this matter for all purposes, including enforcing  
19 the terms of this Judgment.

20  
21  
22 Dated: September 19, 2011

  
HONORABLE CORMAC A. CARNEY  
UNITED STATES DISTRICT JUDGE